

STATE OF GEORGIA
BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION

In Re:

**Georgia Power Company's)
2019 Integrated Resource Plan and)
Application for Certification of Capacity) Docket No. 42310
From Plant Scherer Unit 3 and Plant)
Goat Rock Units 9-12 and Application)
for Decertification of Plant Hammond)
Units 1-4, Plant McIntosh Unit 1, Plant)
Langdale Units 5-6, Plant Riverview)
Units 1-2, and Plant Estatoah Unit 1)**

In the Matter of:

**Georgia Power Company's) Docket No. 42311
Application for the Certification,)
Decertification, and Amended)
Demand Side Plan)**

Stipulation

The Georgia Public Service Commission (the “Commission”) Public Interest Advocacy Staff (“PIA Staff”), Georgia Power Company (“Georgia Power” or the “Company”) and the undersigned intervenors (collectively the “Stipulating Parties”) agree to the following stipulation as a resolution of the above-styled proceedings to consider the Company’s 2019 Integrated Resource Plan (the “2019 IRP”) and Application for the Certification, Decertification, and Amended Demand Side Management Plan (the “2019 DSM Plan”). The Stipulation is intended to resolve all of the issues in these Dockets. The Stipulating Parties agree as follows:

Supply Side Plan

1. The 2019 IRP is approved as amended by this Stipulation.
2. Plant Hammond Units 1-4, Plant McIntosh Unit 1, Plant Estatoah Unit 1, Plant Langdale Units 5-6, and Plant Riverview Units 1-2 shall be decertified and retired as provided for in the 2019 IRP.

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3. The Company shall procure 1,500 MW alternating current (“AC”) of new utility scale renewable resources, defined as projects greater than 3 MW AC. 500 MW of these new resources shall be dedicated to all retail customers. The Customer Renewable Supply Procurement Program (“CRSP”) is approved and shall be increased such that it will procure energy from 1,000 MW (600 MW of utility scale renewable resources for subscription by existing CRSP eligible customers, and 400 MW for subscription by CRSP eligible customers adding new load). The Utility scale procurement shall take place through two separate Requests For Proposals (“RFP”). The first RFP is expected to be issued in 2020 and will seek 250 MW of renewables with in-service dates of 2022 and 2023 for all retail customers, 300 MW for subscription by existing CRSP eligible customers, and up to 400 MW for subscription by CRSP eligible customers adding new load. The second RFP is expected to be issued in 2021 and will seek 250 MW of renewables with in-service dates of 2023 and 2024 for all retail customers, 300 MW for subscription by existing CRSP eligible customers and 0 to 400 MW for subscription by CRSP eligible customers adding new load (0 MW to 400 MW represents the remainder of any resources not procured for subscription by CRSP eligible customers adding new load in the first RFP). Any capacity for new load that remains unsubscribed at the end of the second RFP would be offered to any existing CRSP eligible customers whose Notice of Intent (“NOI”) capacity request had not been fully met. Any remaining amounts procured through the RFPs for CRSP but unsubscribed by CRSP participants will be used to serve all retail customers.

All revenues collected through CRSP program, with the exception of the additional sum as described in Paragraph 7, and all appropriate costs, that are not being recovered elsewhere by the Company, incurred for CRSP procurement shall be included in the fuel clause and recovered through Fuel Cost Recovery mechanism (“FCR”). The CRSP costs and revenues to be included in FCR includes, but are not limited to, the costs to implement and administer the CRSP, the bid fees collected, the NOI Fees collected, and the cost of purchase power agreements (“PPA”) executed through the CRSP program including any payments for PPAs made by participants. All revenues collected, and all appropriate costs, not being recovered elsewhere by the Company, incurred for the 500 MW of utility scale procurements for all customers shall be included in the fuel clause and recovered through FCR.

4. Within 60 days of the Final Order the PIA Staff and the Company shall begin to meet to develop the specific guidelines and NOI requirements for the CRSP Program. The proposed guidelines will be submitted to the Commission for

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approval.

5. The Company shall issue an RFP to procure energy from up to 150 MW AC of distributed generation solar resources (“DG”) greater than 1kW but not more than 3 MW AC. The projects must be at or below the Company’s projected avoided costs. Contract terms will be up to 30 years. DG projects must interconnect to Georgia Power’s distribution system. Bid fees will be set to recover the total cost of procurement for the solicitation. All revenues collected, and all appropriate costs not being recovered elsewhere by the Company incurred for DG procurements shall be included in the fuel clause and recovered through FCR.
6. The Renewable Cost Benefit Framework (“RCB”) shall be utilized in the evaluation of bids received through the utility scale and DG RFPs. The PIA Staff has raised specific issues regarding the RCB components of Deferred Generation Capacity, Generation Remix, and Support Capacity and recommended that solar plus storage be considered its own technology using the RCB Framework. The Company and PIA Staff will work collaboratively to resolve the concerns raised by PIA Staff in this case. The Company and PIA Staff will meet within four months of issuance of Final Order in this case and make a good faith effort to resolve the issues. If the issues have not been resolved within this time, the Company and PIA Staff will work to resolve the issues before the next IRP. PIA Staff and the Company also understand that resolution of these issues does not limit the positions that either Party can take regarding the RCB in a future proceeding where modifications to the RCB may be considered. Until such time as these issues are resolved, the RCB used in evaluations will be based on the RCB components and methodologies as filed in the IRP using updated B2019 assumptions (or for later solicitations the applicable vintage assumptions) and calculations of deferred capacity value for the RCB will be based on the B2018 CWFT using the summer TRM of 16.25% as shown in Table B.1 of the January 2019 Reserve Margin Study.
7. The Additional Sum for utility scale resources procured pursuant to Paragraph 3 above and the DG resources in Paragraph 5 shall be set at 8.5% of the projected net benefits. This amount shall be levelized and recovered annually for the term of the PPA.
8. The use of seasonal planning by the Company to provide greater visibility into both summer and winter capacity needs is approved. In the event winter system conditions result in the need for transmission system assessments, the Company would incorporate applicable winter assessment results into future filings of

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Technical Appendix Volume 3.

9. The Company and PIA Staff recognize that the use of a winter target reserve margin (“TRM”) is necessary to effectuate seasonal planning as approved by this Stipulation. In the absence of a Commission approved winter TRM, the Company will use the System winter TRM for seasonal planning until such time as a winter TRM is agreed to between Staff and the Company and approved by the Commission. There is no requirement for the Commission to act upon the winter TRM until such time as one is approved. The Company may propose resource additions, if needed, to meet winter TRM, and the Commission can determine at that time what the appropriate winter TRM is and whether such additional capacity is needed. Stipulating Parties further agree that the Company may propose the adoption of a specific winter TRM in a future IRP proceeding or IRP update. The Company and PIA Staff will meet within six months of issuance of Final Order in this case to discuss these issues and will work to address the issues before the next IRP.
10. The Stipulating Parties agree that the Scherer Unit 3 Capacity offer should be rejected by the Commission. The offer by the Company, and the rejection by the Commission fulfills the Company’s requirements under Docket No. 26550 to offer this capacity to the retail jurisdiction. The Company may, at its own discretion, offer such capacity in the wholesale market or to the retail jurisdiction in a future capacity solicitation or through other permissible vehicles.
11. The Company shall initiate a 2022-2023 and a 2026-2028 capacity-based RFP. The RFPs will be structured to address the capacity needs being sought and will require a level of capacity firmness and dispatchability that will be developed in conjunction with Commission Staff and the IE during the RFP development process. Specific RFP guidelines including resource eligibility requirements, updated IRP assumptions, and evaluation methodology and criteria will be approved by the Commission in accordance with the Commission’s prescribed RFP process and may accommodate bids from renewable resources paired with storage. The Company agrees to include language in such RFPs that permit the Company to reject all bids at its discretion.
12. The parties acknowledge that should the retirement of Plant Bowen Units 1 and 2 be necessary there will be transmission issues that need to be addressed in the 2019 base rate case. However, the parties have not agreed on the best solutions to those issues. The Company will explore both traditional transmission solutions and alternatives to traditional transmission solutions (non-wire solutions) and

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compare the costs of each approach.

13. The Company agrees to limit capital expenditures specific to Plant Bowen Units 1 and 2 through July 31, 2022. The capital expenditures approved in this paragraph are intended to allow for safe and reliable operations of the units. The Company agrees to annual limits on capital expenditures of \$19 Million per year, or \$57 Million for the three-year period ending July 31, 2022. The Company agrees to provide a justification to Staff for expenditures that may be needed to maintain safe and reliable operation of Bowen 1 and 2 that exceed the limits provided for in this Paragraph. Within 60 days of the final order in this case, Staff and the Company will meet to develop reporting requirements.
14. The certification of the upgrade to the Goat Rock Hydro-electric facility Units 9-12 is not approved at this time. The Stipulating Parties agree to modifications to the Company's plans to modernize its hydro-electric fleet so that such efforts focus upon five modernization projects. The projects are Terrora, Tugalo, Bartlett's Ferry, Nacoochee, and Oliver. The Company and PIA Staff agree to work together to determine the appropriate information sharing process to allow the Commission to monitor the Company's modernization efforts.
15. The Company is granted authority in this IRP to develop, own and operate energy storage demonstration projects totaling up to 80 MW. The Company will procure the batteries for its ownership through a competitive RFP process. The company will competitively solicit Engineering Procurement and Construction services and shall include the option of turnkey proposals as well. The Company will be required to file a plan with the Commission before undertaking construction and procurement of each project being proposed. In such filing the Company will provide the objectives of the project, location of the project, transmission evaluation of the project and detailed operating and testing plans. Commission Staff shall have 60 days to review the plans prior to Commission approval.
16. The Company's Environmental Compliance Strategy ("ECS") is approved. This includes specific approval of the Company's plans to address coal combustion residuals ("CCR") at the Company's ash ponds and landfills. Stipulating Parties acknowledge that projected CCR compliance cost have been reviewed in this case, but agree that it is not necessary for the Commission to approve a specific budget for CCR compliance in this IRP proceeding. The Parties agree that the Company will seek recovery of such costs in its 2019 base rate case. The PIA Staff reserves the right to challenge the Company's request in the 2019 base rate case, including, but not limited to, the period over which they

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are recovered and the method by which they are recovered. To ensure the Commission is updated on CCR compliance efforts the Company will provide semi-annual reports to the Commission. The Company and Commission Staff will collaborate upon the schedule and content of such reports. The Company will also file the ECS annually with the Commission no later than March 31st of each year.

17. The detailed cost information that supports the measures taken to comply with the existing government imposed environmental mandates necessary for the Company to implement its environmental compliance plan as presented in Technical Appendix Volume 1 of the 2019 IRP, “Environmental Compliance Cost Recovery (ECCR) table” is acknowledged subject to the limits outlined in Paragraph 13 regarding Plant Bowen Units 1 and 2. Recovery of actual environmental compliance plan costs will be determined by the Commission in a rate case.
18. The remaining net book values of Plant Hammond Units 1-4, Plant McIntosh Unit 1, Plant Estatoah Unit 1, Plant Langdale Units 5-6, and Plant Riverview Unit 1-2 shall be reclassified as a regulatory asset and the Company shall continue to provide for amortization expense at the same rate as determined in the Company’s 2013 base rate case. Timing of recovery of the remaining balance as of December 31, 2019 will be deferred for consideration in the Company’s 2019 base rate case. The Stipulating Parties reserve the right to make any arguments, including policy and legal arguments, on the recovery mechanism and appropriate period in which the costs should be recovered if applicable. Parties may argue their respective positions on that issue in the 2019 base rate case.

Any unusable M&S inventory balance remaining at the date of the unit retirement shall be reclassified as a regulatory asset and the timing of recovery deferred for consideration in the Company’s 2019 base rate case. The Stipulating Parties reserve the right to make any arguments, including policy and legal arguments, on the recovery mechanism and appropriate period in which the costs should be recovered if applicable. Parties may argue their respective positions on that issue in the 2019 base rate case.

19. Any over or under recovered cost of removal balances for each Retirement Unit shall be deferred for consideration until the Company’s 2019 base rate case. The Stipulating Parties reserve the right to make any arguments, including policy and legal arguments, on the appropriate period in which the costs should be recovered. Parties may argue their respective positions on that issue in the 2019 base rate

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case.

20. In Docket No. 36989 the Commission approved the donation of Kraft land to the Georgia Port Authority including approval of the accounting treatment for the donation proposed by Georgia Power. PIA Staff has raised a desire to propose alternative ratemaking treatment for the income tax benefits related to the Plant Kraft land donation. The Company believes the issue of the appropriate accounting treatment for the Kraft land donation is resolved per the Commission's Order in Docket No. 36989. To the extent PIA Staff disagrees, the Parties agree that any disagreement may be considered in the 2019 base rate case.
21. In the Commission's Final Order in Docket 40161 and 40162 the Commission authorized the Company to spend up to \$99 million between now and the end of the second quarter of 2019 to investigate the option of pursuing new nuclear generation as a potential base load option at a site in Stewart County, Georgia. That Order further found that if the project was terminated, costs incurred toward that effort would be deferred for recovery to a regulatory asset and the timing of that recovery would be addressed in a future base rate case in which the Commission will determine the appropriate period to amortize the recovery of such costs. The Order also held that for ratemaking purposes, the Stewart County property shall continue to be categorized as Plant Held for Future Use. Nothing in this Stipulation is intended to limit the rights of PIA Staff or the Company to pursue their respective positions on cost recovery of Stewart County Site investigation cost.
22. When filing the 2022 IRP or when filing any updates to the IRP prior to the 2022 IRP filing, the Company agrees to provide the Commission Staff working copies of, or access to data used to develop charts, tables, and graphics contained in the filing; models (for example, transmission models, load forecast models, financial models and economic models), and results of relevant analyses performed in the development of that IRP. The models and analyses should be configured to replicate inputs used to derive results incorporated in its base case scenario, and this information shall be provided within 10 days after the IRP or update to the IRP is filed.
23. The Company will compute weather normalized peak demands for the winter and summer seasons of each historical year going forward starting in 2019.
24. The Company will investigate methodologies for allocating long-term annual energy sales for each class to monthly amounts to account for anticipated trends

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in seasonal energy sales.

25. The Company agrees to file with the 2022 IRP a forecast scenario of Georgia Power's Peak and Energy forecast using data for the most recent 20 year normal weather.
26. In conjunction with the ongoing level of review and analysis required by this agreement, Georgia Power will agree to pay for any reasonably necessary specialized assistance to the Staff in an amount not to exceed \$500,000 annually. This amount paid by Georgia Power under this paragraph shall be deemed as a necessary cost of providing service and the Company shall be entitled to recover the full amount of any costs charged to the utility.
27. Neither Staff nor the Company has recommended the Emory micro grid project. However, if the Commission decides that it is appropriate to move forward with the project, both the Staff and Company recommend that it be done so only on the condition that, if the project costs exceed the benefits to other ratepayers, Emory agrees to pay the difference.

Demand Side Plan

1. The Demand Side Plan is approved as amended by this Stipulation.
2. The Company and Staff shall collaborate to investigate methodologies to model DSM as an additional scenario in its supply side system planning tools as a part of its IRP development and resource optimization process where DSM will be modeled alongside traditional supply-side options. The company will produce a white paper and discuss its findings with the Staff nine months prior to the filing of the 2022 IRP.
3. Georgia Power and PIA Staff agree that calculations of the kWh and kW savings from the Company's certified DSM programs in 2023 be adjusted to actual savings once the Company has completed the impact and process evaluations for each certified DSM program and the Company and Staff reach agreement on evaluation impacts during 2021.
4. The Company and PIA Staff agree that the percentage increases in the current certified program budgets for non-incentive program costs per first-year kWh saved for the 2020 to 2022 period when compared to 2017 and 2018 actual spending on non-incentive costs per first-year kWh saved will be capped at no

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more than a 50 percent increase. The 2020 to 2022 budgets for the Company's certified programs will be as presented in Staff Exhibits BSKA-8 and BCS-7. This agreement does not set a precedent for requested budget requests in future IRP cycles and only applies to 2020 through 2022 because implementation costs have the potential to change over time in future IRP cycles.

5. The Demand Side Management Working Group ("DSMWG") will continue in its present form and be involved in the development of future demand side management programs in the same manner as the DSMWG has operated in past IRP cycles.
6. For the Income-Qualified ("Crowd Funding") Program, the Company will maintain the current EASP participant cap of \$3,750 per household, the Company will expand its potential crowd funding donation sources, and for the initial term of the Program the Company will not earn an Additional Sum on the savings realized by donations from individuals, non-profits, grants, companies, and partnerships. After the initial review of the Program, the Company may request an additional sum in the 2022 IRP for the Program.
7. The Company and PIA Staff agree to work together over the next nine-months to investigate the reduction of administrative costs for a potential Income Qualified Tariff Based Financing Pilot for 500 income qualified customers. The Company and Staff will also work together to set a policy for the collection of uncollectibles from a potential Income Qualified Pilot through the Residential DSM Tariff. The Company will file a more complete pilot plan with the Commission by April 1, 2020.
8. The Commercial Custom Program will include a per building cap of \$75,000 in its final program plan.
9. Once a program implementer is selected and program plans are drafted, the program plans for all approved energy efficiency and demand response programs will be provided to Staff for review prior to the implementation of the programs. The Company should provide Staff up to 15 working days for review of the draft Final Program Plans. In order to deliver programs for customers on schedule, the Company will work with Staff to discuss and address potential concerns with final program plans without delaying program implementation schedules.
10. The current Commission policy that requires the Company to provide detailed evaluation plans for each of the approved DSM programs within 90 days of the selection of Program Implementers for each of the certified programs will

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continue. However, the Staff will work with the Company to extend the 90 days on an as needed basis as it has in past IRP cycles.

11. The Education Initiative Learning Power budget will continue at \$3 million annually for 2020 through 2022.
12. The Residential and Commercial Energy Efficiency Consumer Awareness annual budgets will continue at \$4.5 million and \$1.1 million, respectively.
13. The Company's pilot budget will be set at \$3million annually and split between the Residential and Commercial classes. The Company will seek Staff's input before the start of any pilot. This pilot budget includes \$400,000 in pilot evaluation costs.
14. The HopeWorks low income weatherization program budget will increase to \$400,000 per year.
15. The Company will earn an Additional Sum for DSM programs according to the mechanism approved in the Commission's August 2, 2016 Final Order in Docket 40161 & 40162.
16. The Company agrees that all references to Non-Participant Spillover ("NPSO") will be removed from its program plans and will not be considered in future calculations of Additional Sum.

Agreed to this 6th day of June, 2019.



Preston Thomas

On Behalf of the Georgia Public Service Commission
Public Interest Advocacy Staff



Brandon F. Marzo

On Behalf of Georgia Power Company

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